

PUBLIC DISCLOSURE

November 10, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

East Cambridge Savings Bank
Certificate Number: 90173

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Cambridge, Massachusetts 02141

Division of Banks
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This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

This document is an evaluation of the CRA performance of **East Cambridge Savings Bank** (ECSB or the bank) prepared by the Massachusetts Division of Banks (Division), the institution’s supervisory agency as of **November 10, 2025**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION’S CRA RATING: This institution is rated **High Satisfactory**.

An institution in this group has a highly satisfactory record of helping to meet the credit needs of its assessment area, including low-and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The bank’s performance is summarized below:

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Satisfactory**			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated High Satisfactory.

- The bank exhibits good responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area. Home mortgage is considered good and small business is considered adequate.
- During the examination period, the bank originated a majority of home mortgage and small business loans inside the assessment area.
- The geographic distribution of home mortgage and small business loans reflects a good distribution of loans in its assessment area. The bank’s good home mortgage and good small business lending performance supports this conclusion.
- The performance by borrower income level reflects a good distribution, particularly in its assessment area, of loans among individuals of different income levels and business of different sizes, given the product line offered by the institution. The good performance in home mortgage lending and adequate performance in small business lending supports this conclusion.
- The bank makes use of innovative or flexible lending practices.
- The bank provides an adequate level of community development loans.

- An adequate record relative to fair lending policies and practices.
- There is no evidence of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The Investment Test is rated High Satisfactory.

- The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Its service delivery systems are accessible to geographies and individuals of different income levels in its assessment area.
- To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low-and moderate-income individuals;
- Its services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low-and moderate-income individuals;
- The bank provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Background

East Cambridge Savings Bank is a state-chartered mutual bank, headquartered in Cambridge, Massachusetts and wholly owned by 1854 Bancorp, a mutual holding company. The bank received a “Satisfactory” rating during its previous CRA Performance Evaluation on September 11, 2023, based on Interagency Large Institution Examination Procedures

Operations

The bank maintains 11 full-service branches and one limited-service branch consisting of an educational training facility located at Cambridge Rindge and Latin School in Cambridge. Full-service branches are in Arlington, Belmont, Cambridge (2), Chelsea, Malden, Medford (2), Somerville, Waltham and Woburn. Each of the full-service branches has an ATM. There are two Interactive Teller Machines at one standalone location in Somerville, and one located at the Malden branch. There has been no merger or acquisition activity since the prior evaluation.

The bank offers a variety of personal and business deposit and lending products at each of the 11 branches and also through alternative delivery systems including the bank’s website, ATM and ITM network, mobile and online banking, remote deposit capture and telephone banking.

Ability and Capacity

As of June 30, 2025, the bank’s assets totaled \$1.60 billion and deposits total \$1.27 billion. Assets included total loans of \$1.28 billion and total securities of \$132.5 million. The bank is primarily a residential lender with a majority of the portfolio secured by residential properties.

Loan Portfolio Distribution as of 6/30/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	55,998	4.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	780,156	62.8
Secured by Multifamily (5 or more) Residential Properties	182,211	14.7
Secured by Nonfarm Nonresidential Properties	223,453	18.0
Total Real Estate Loans	1,241,818	96.3
Commercial and Industrial Loans	39,121	3.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	8,984	0.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,289,923	100.0

Source: Reports of Condition and Income

Examiners did not identify any financial, legal or other impediments that affect the bank’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. East Cambridge Savings Bank designated one contiguous assessment area within the Boston-Cambridge-Newton, MA-NH MSA. The assessment area consists of portions of the Boston, MA MD and a portion of the Cambridge-Newton-Framingham, MA MD.

In July 2025, the bank expanded its assessment area with the addition of 22 cities and towns. The assessment area now consists of 39 cities and towns located in portions of Middlesex County, Suffolk County, Essex County, and Norfolk County. The current assessment area was used for the entire CRA evaluation period.

The cities and towns in Middlesex County include Arlington, Bedford, Belmont, Billerica, Burlington, Cambridge, Carlisle, Concord, Everett, Lexington, Lincoln, Malden, Medford, Melrose, Natick, Newton, North Reading, Reading, Somerville, Stoneham, Sudbury, Wakefield, Waltham, Watertown, Wayland, Weston, Wilmington, Winchester, and Woburn. The Suffolk County portion includes the cities and towns of Chelsea, Revere, Winthrop, and the Charlestown neighborhood of Boston. The Essex County portion includes the cities and towns of Saugus, Lynn, Lynnfield, and Nahant. Lastly, the Norfolk County portion includes the towns of Needham and Wellesley.

The following sections discuss the demographic and economic information relevant to the assessment area.

Economic and Demographic Data

East Cambridge Savings Bank's assessment area consists of 317 census tracts with the following income designations according to the 2020 United States (U.S.) Census data:

- 19 low-income tracts,
- 65 moderate-income tracts,
- 97 middle-income tracts,
- 128 upper-income tracts, and
- 8 census tracts with no income designation.

The low-income and moderate-income census tracts are primarily located in the communities of Arlington, Cambridge, Chelsea, Everett, Lynn, Saugus, Revere, Malden, Medford, Melrose, Saugus, Somerville, Waltham and Watertown.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	317	6.0	20.5	30.6	40.7	2.2
Population by Geography	1,424,994	5.7	20.0	31.3	42.0	1.0
Housing Units by Geography	552,917	5.3	19.3	33.0	41.6	0.9
Owner-Occupied Units by Geography	305,510	2.3	14.3	32.0	50.8	0.5
Occupied Rental Units by Geography	219,676	9.4	25.9	34.2	29.2	1.3
Vacant Units by Geography	27,731	5.0	22.0	34.2	37.9	0.9
Businesses by Geography	172,334	3.6	15.9	32.2	47.7	0.6
Farms by Geography	2,556	4.3	18.9	31.0	45.4	0.5
Family Distribution by Income Level	329,133	20.7	15.6	18.8	44.8	0.0
Household Distribution by Income Level	525,186	24.5	13.6	16.6	45.4	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$645,571
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,768
			Families Below Poverty Level			5.3%
<i>Source: 2020 ACS, 2024 D&B Data, and FFIEC Estimated Median Family Income;</i>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the Demographic Information of the Assessment Area table, 55.2 percent of the 552,917 housing units are owner-occupied, providing opportunity for home mortgage lending within the assessment area. However, only 2.3 and 14.3 percent of the owner-occupied units are in low- and moderate-income census tracts, respectively, limiting the bank's home mortgage lending opportunities in those tracts.

Examiners used the 2023 and 2024 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for the combined assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2023 (\$136,900)	<\$68,450	\$68,450 to <\$109,520	\$109,520 to <\$164,280	≥\$164,280
2024 (\$136,200)	<\$68,100	\$68,100 to <\$108,960	\$108,960 to <\$163,440	≥\$163,440
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
2024 (\$146,600)	<\$73,300	\$73,300 to <\$117,280	\$117,280 to <\$175,920	≥\$175,920
<i>Source: FFIEC</i>				

The Borrower Profile criterion compares the distribution of home mortgage loans by borrower income level to the percentage of low- and moderate-income families. Although 36.3 percent of assessment area families are low-income, approximately 5.3 percent of these families have incomes below the poverty line. The data suggests low-income borrowers may face challenges qualifying for a mortgage loan with the area’s median home price of \$645,571. In addition, increasing interest rates affecting the residential mortgage industry nationwide in 2023 and 2024 made homeownership difficult for low-income families to obtain.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of loans to businesses by gross annual revenue (GAR) category to D&B data.

According to 2023 D&B data, 172,334 non-farm businesses operate in the assessment area. Service industries represent the largest portion of businesses at 39.1 percent; followed by non-classifiable establishments at 23.4 percent; finance, insurance and real estate at 11.6 percent; retail trade at 8.5 percent; construction at 7.0 percent; transportation and communication at 3.4 percent; manufacturing at 2.7 percent; wholesale trade at 2.3 percent; agriculture, forestry, and fishing at 1.4 percent; public administration at 0.5 percent; and mining at almost 0.0 percent. The majority of non-farm businesses in the assessment area are small, with a significant majority of businesses having nine or fewer employees.

The following reflects GARs for businesses in the combined assessment area.

- 89.4 percent have revenues of \$1.0 million or less,
- 3.8 percent have revenues greater than \$1.0 million, and
- 6.8 percent have unknown revenues.

Competition

The bank faces a high level of competition for home mortgage loans among large national banks, community banks, credit unions and mortgage companies in the assessment area. In 2024, aggregate home mortgage lending data showed 444 lenders originated or purchased 23,373 home mortgage loans in the assessment area. ECSB ranked 66th with a 0.3 percent market share. The

lenders that ranked higher than ECSB were primarily large national banks, and mortgage companies. The top three lenders include CBNA, Guaranteed Rate, Inc., and Leader Bank NA.

The bank also faces a high level of competition for small business loans among large national banks and regional banks. In 2023, aggregate small business lending data showed 190 lenders originated or purchased 197,894 small business loans in the assessment area. ECSB ranked 82nd with a 0.02 percent market share. The top three lenders, American Express National Bank, JPMorgan Chase Bank NA, and Bank of America NA, collectively held 59.1 percent market share.

Community Contact

As part of the evaluation process, examiners contact third parties, active in the assessment area to understand the area's credit and community development needs. The information obtained helps to determine whether local institutions are responsive to those needs. The information also shows what community development opportunities are available.

Examiners met with a representative from a community services organization that serves the assessment area. During the interview, this community contact discussed that the greatest challenge for residents of the area is to obtain affordable housing. The contact mentioned an increase in new housing being built in the area but was unsure what percentage of those units would be affordable for low- and moderate-income individuals. Many of the requirements around lending, such as substantial down payments and private mortgage insurance, can also increase the expense and therefore the difficulty for residents to qualify for a mortgage. The contact felt that it was impactful when organizations offered programs like MassHousing or Section 8 loans. Additionally, the contact mentioned that institutions with bilingual employees can offer valuable services by communicating with non-English speakers and encouraging development of English skills beyond the basics. This could potentially help individuals get jobs in higher-paying fields, such as life sciences or information technology.

Credit and Community Development Needs and Opportunities

Considering information from community contacts, bank management and demographic and economic data, examiners determined the primary community development need of the assessment area is affordable housing. The high housing costs and lower median family incomes support this conclusion. The bank can address the credit needs for home mortgage customers by continuing to offer their innovative or flexible lending products as noted by the community contact.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 11, 2023, to the current evaluation dated November 10, 2025. Examiners used the Interagency Large Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include three performance tests: The Lending Test, Investment Test, and Service Test. The Large Bank CRA Evaluation was conducted concurrently with the Federal Reserve Bank of Boston.

The Lending Test considered the bank's performance according to the following criteria:

- Lending Activity
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Innovative and/or Flexible Lending Practices
- Community Development Loans
- Fair Lending Policies and Practices
- Loss of Affordable Housing

The Investment Test considered the following criteria:

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period.

Examiners considered all home mortgage loans reported on the bank's 2023 and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 158 home mortgage loans totaling \$109.2 million in 2023, and 120 home mortgage loans totaling \$103.1 million in 2024. Aggregate data and 2020 U.S. Census data provided a standard of comparison for home mortgage loans in 2023 and 2024. Examiners compared the bank's 2023 and 2024 performance to demographic data and aggregate data.

Examiners considered all small business loans reported on the bank's 2023 and 2024 CRA Loan Registers. The bank reported 20 small business loans totaling \$3.5 million in 2023, and 19 loans totaling \$ 6.0 million in 2024. Aggregate data and D&B demographic data provided a standard of comparison for small business loans in 2023.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Examiners weighed the number of originations more heavily than the dollar volume. Based on the bank's business focus, origination activity, and the loan portfolio distribution, examiners assigned equal weight to the bank's home mortgage and small business lending performance when arriving at overall conclusions and ratings.

Examiners also reviewed retail products and services that benefit low- and moderate-income individuals or small businesses; delivery systems for providing retail-banking services, including branches and alternative delivery systems; and the impact of any branch openings and closings during the evaluation period. The evaluation considered community development loans, qualified investments, and community development services, as well as innovative and/or flexible lending practices from the prior evaluation date to the current evaluation date.

Examiners obtained demographic and economic information referenced in this evaluation from the 2020 U.S. Census data, D&B, Moody's Analytics, and the U.S. Bureau of Labor Statistics. Financial data is based on the June 30th 2025, Report of Income and Condition (Call Report).

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test performance is rated High Satisfactory. The bank's High Satisfactory performance in the Lending Activity, Geographic Distribution, Borrower Profile, and Innovative or Flexible Lending Practices, criteria primarily support this rating.

Lending Activity

The bank exhibits good responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area.

Home Mortgage Lending

The bank originated 98 home mortgage loans totaling \$75.9 million in the assessment area in 2023, and 74 home mortgage loans totaling \$77.3 million in the assessment area in 2024. The bank experienced a decline in the number of home mortgage loans originations in 2024 when compared to 2023. The decline is primarily due to market conditions and high interest rates. Among HMDA-reporting financial institutions, the bank ranked 47th out of 432 lenders with a 0.3 percent market share in 2023 and 66th out of 444 lenders with a 0.3 percent market share in 2024, by number of loans. Given the significant competition in the assessment area and high interest rate during the review period, the bank's home mortgage lending activity reflects good responsiveness to assessment area credit needs.

Small Business Lending

East Cambridge Savings Bank originated 15 small business loans totaling \$1.4 million in the assessment area in 2023 and 13 totaling \$3.2 million in 2024. Among CRA-reporting financial institutions, the bank ranked 82nd out of 190 lenders with a 0.1 percent market share in 2023 by number of loans. While there was a decline in loans from 2023 to 2024, the bank is committed to offering products and services that address small business needs. The bank's small business outreach includes marketing within a 30-mile radius of Cambridge and in extended geographies for loan opportunities. Given the significant competition in the assessment area and high interest rates during the review period, the bank's small business lending activity reflects adequate responsiveness.

Assessment Area Concentration

During the examination period, the bank originated a majority of home mortgage and small business loans inside the assessment area. As the following table shows, the bank originated 63.0 percent of its home mortgage and small business loans by number and 71.2 percent by dollar amount inside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2023	98	62.0	60	38.0	158	75,961	69.6	33,253	30.4	109,214
2024	74	61.7	46	38.3	120	77,301	74.9	25,897	25.1	103,198
Subtotal	172	61.9	106	38.1	278	153,261	72.2	59,150	27.8	212,412
Small Business										
2023	15	75.0	5	25.0	20	1,494	41.8	2,075	58.2	3,569
2024	13	68.4	6	31.6	19	3,263	53.9	2,782	46.1	6,045
Subtotal	28	71.8	11	28.2	39	4,757	49.4	4,857	50.6	9,614
Total	200	63.1	117	36.9	317	158,018	71.2	64,007	28.8	222,025
<i>Source: Bank Data</i>										

Geographic Distribution

The geographic distribution of home mortgages and small business loans reflects a good distribution of loans in its assessment area. The bank’s good home mortgage and good small business lending performance support this conclusion. Examiners focused on the percentage of loans in low-and moderate-income census tracts by number.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. In lending to low-income areas the bank was comparable to the aggregate and demographics in 2023. In 2024, the bank increased the performance above aggregate and demographics. In lending to moderate-income areas, the bank was above the aggregate and demographics for both 2023 and 2024. The bank’s current branch distribution creates accessibility to nearby low-and moderate-income areas as many of the branches are in close proximity to other nearby

low and moderate-income communities. This factor, combined with the recent expansion of the assessment area’s low and moderate-income areas, supports a good performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	2.3	2.7	2	2.0	586	0.8
2024	2.3	3.3	5	6.8	2,813	3.6
Moderate						
2023	14.3	14.0	19	19.4	10,421	13.7
2024	14.3	15.9	14	18.9	9,538	12.3
Middle						
2023	32.0	28.8	34	34.7	24,500	32.3
2024	32.0	32.8	27	36.5	17,801	23.0
Upper						
2023	50.8	53.8	43	43.9	40,454	53.3
2024	50.8	47.4	27	36.5	46,249	59.8
Not Available						
2023	0.5	0.7	0	0.0	0	0.0
2024	0.5	0.5	1	1.4	900	1.2
Total						
2023	100.0	100.0	98	100.0	75,961	100.0
2024	100.0	100.0	74	100.0	77,301	100.0

Source: 2020 ACS; Bank Data, 2023 & 2024 HMDA Aggregate Data,

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. The bank originated one loan in a low-income area in 2024 and was above the percentage of business in those areas. In lending to moderate-income areas, the bank exceeded the performance of the aggregate and percentage of businesses in 2023. Please refer to the table below for more details.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	3.6	3.8	0	0.0	-000-	0.0
2024	3.6	--	1	7.7	30	--
Moderate						
2023	16.0	17.4	6	40.0	944	--
2024	15.9	--	5	38.5	1,197	--
Middle						
2023	32.1	33.2	4	26.7	250	--
2024	32.2	--	2	15.4	1,050	--
Upper						
2023	47.7	45.0	5	33.3	300	--
2024	47.7	--	5	38.4	986	--
Not Available						
2023	0.6	0.6	0	0.0	0	0.0
2024	0.6	--	0	0.0	0	0.0
Total						
2023	100.0	100.0	15	100.0	1,494	100.0
2024	100.0	--	13	100.0	3,263	100.0
<i>Source: 2023 & 2024 D&B Data; 2023 CRA Aggregate Data, 2024 data not available.</i>						

Borrower Profile

The performance by borrower income level reflects a good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product line offered by the institution. The good performance in home mortgage lending and adequate performance in small business lending supports this conclusion.

Home Mortgage

The distribution of home mortgage loans to individuals of different income levels, including low and moderate-income borrowers reflects good penetration. The bank's performance in 2023 to low and moderate-income borrowers supports this conclusion. In 2023, the bank performed above the aggregate to low and moderate-income borrowers.

In 2024, the bank's overall lending decreased. However, performance to low-income borrowers remained above the aggregate while the performance to moderate-income borrowers fell below the aggregate.

Lending challenges exist in the assessment area. A low-and-moderate-income family in the assessment area earns a median annual income of \$117,280 or less. A family at this income level would experience challenges in qualifying for a home mortgage in the area, given the median housing value for a one to four family house was \$645,571 in 2023 and 2024. Additionally, down payment requirements and a higher interest rate environment may limit what a first-time homebuyer can afford. This data, coupled with 5.3 percent of families in the assessment area falling below the poverty line, suggest a large percentage of low- and moderate-income families would not meet the traditional underwriting standards for a home mortgage. To meet these challenges, the bank continues to offer loan products that help meet the credit needs of low and moderate-income borrowers and first-time homebuyers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	20.7	3.9	8	8.2	2,109	2.8
2024	20.7	3.7	5	6.8	1,070	1.4
Moderate						
2023	15.6	11.0	12	12.2	4,743	6.2
2024	15.6	11.8	5	6.8	1,673	2.2
Middle						
2023	18.8	17.3	15	15.3	8,512	11.2
2024	18.8	19.5	13	17.6	6,198	8.0
Upper						
2023	44.8	41.4	54	55.1	46,813	61.6
2024	44.8	49.0	27	36.5	23,863	30.9
Not Available						
2023	0.0	26.3	9	9.2	13,783	18.1
2024	0.0	16.0	24	32.4	44,497	57.6
Total						
2023	100.0	100.0	98	100.0	75,961	100.0
2024	100.0	100.0	74	100.0	77,301	100.0
<i>Source: 2020 ACS; Bank Data, 2023 & 2024 HMDA Aggregate Data,</i>						

Small Business

The distribution of small business loans reflects adequate penetration for businesses with GARs of \$1.0 million or less. In 2023, small business lending outperformed the aggregate and was below the percentage of business in the same revenue category. In 2024, small business lending decreased by number and percentage.

To assist business customers, the bank offers Small Business Administration (SBA)7a and 504 loan programs and a Small Business Capital Access Program through the Small Business Development Corporation.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Business Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	89.7	52.4	11	73.3	599	--
2024	89.4	--	4	30.7	751	--
>\$1,000,000						
2023	3.9	47.6	4	26.7	895	--
2024	4.0	--	9	69.3	2,512	--
Revenue Not Available						
2023	6.4	--	0	0.0	0	0.0
2024	6.6	--	0	0.0	0	0.0
Total						
2023	100.0	100.0	15	100.0	1,494	100.0
2024	100.0	--	13	100.0	3,263	100.0
<i>Source: 2023 & 2024 D&B Data; 2023 CRA Aggregate Data, 2024CRA Aggregate Data not available</i>						

Innovative or Flexible Lending Practices

The institution makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies. During the evaluation period, the bank originated 292 innovative or flexible loans totaling approximately \$46.1 million that supported low and moderate-income individuals inside and outside the assessment area. This evaluation period shows a decrease in number of loans when compared to the 438 loans totaling \$42.8 million in the prior examination. However, this did not impact the performance as the bank maintains a diverse portfolio of innovative and flexible loan products and increased its dollar volume of loans compared to the last exam. Additionally, bank’s flexible lending activity was above that of a similarly situated institution who received a Satisfactory performance in this criterion.

The majority of innovative or flexible loans for residential lending were through East Cambridge Savings Bank’s First Time Homebuyer Program and the Mass Save Heat Loan product.

Through the innovative or flexible loan programs, the bank awarded \$261,098 to customers in the form of closing cost credits, grants and down payment assistance. Most credits, grants and down payment assistance are obtained through partnering organizations, are competitive and require technical expertise by lending staff, demonstrating responsiveness and complexity.

Innovative or Flexible Lending Programs								
Type of Program	2023		2024		2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
ECSB FTHB	15	8,365,932	12	6,581,250	14	9,078,640	41	24,025,822
ECSB FTHB w/\$1000ECSB credit	0	0	6	2,993,400	5	3,883,416	11	6,876,816
MHP One	0	0	0	0	2	498,800	2	498,800
MHP One w/\$1000 ECSB Credit	0	0	0	0	2	383,894	2	383,894
MHP One w/HOW and \$1000 ECSB credit	0	0	0	0	2	441,000	2	441,000
MHP One w/community grant and \$1000 ECSB credit	0	0	3	1,104,832	0	0	3	1,104,832
MHP One+ w/ MHP Subsidy	0	0	0	0	2	648,381	2	648,381
MHP One + w/Equity Builder	0	0	0	0	1	170,023	1	170,023
Mass Housing w/community grant	0	0	0	0	5	1,819,848	5	1,819,848
Home Possible	0	0	3	979,920	1	345,000	4	1,324,920
Home Possible w/\$1000 ECSB credit	0	0	1	528,000	0	0	1	528,000
Owner Occupied Heat Loans	38	617,354	110	1,845,433	65	1,270,748	213	3,733,535
Residential Total	53	8,983,286	135	14,032,835	99	18,539,750	287	41,555,871
Business Loans								
Small Business Administration Loans 504	0	0	0	0	3	2,949,000	3	2,949,000
Small Business Administration loans 7a	0	0	0	0	2	1,565,000	2	1,565,000
Business Total	0	0	0	0	5	4,514,000	5	4,514,000
Grand Total	53	8,983,286	135	14,032,835	104	23,053,750	292	46,069,871
<i>Source: Bank Data considered loans inside and outside assessment area.</i>								

The following are examples of the bank's flexible lending activity both inside and outside of the assessment area.

- **East Cambridge First-Time Homebuyer (FTHB) Program**-The bank developed and offers their own first-time homebuyer program. Customers who attend one of the FTHB seminars receive a \$1,000 closing cost credit.

- **MassHousing Partnership: One Mortgage** - The MHP is a statewide public non-profit affordable housing organization that works in concert with the Governor and the state Department of Housing and Community Development to help increase the supply of affordable housing in Massachusetts. The bank originates loans through the MHP ONE Mortgage Program which allows income-eligible first-time homebuyers to benefit from a discounted 30-year fixed interest rate and a reduced downpayment without private mortgage insurance (PMI).
- **Mass Save HEAT Loan** – In partnership with Mass Save, the bank offers this product to make energy efficiency more affordable for Massachusetts residents. Borrowers can apply for an interest-free loan up to \$25,000 toward energy efficient home improvements with terms up to seven years.

Community Development Loans

East Cambridge Savings Bank made an adequate level of community development loans. In total, the bank originated 16 community development loans totaling \$ 11.1 million during the evaluation period. These totals include 14 loans totaling \$8.7 million inside the assessment area and 2 loans totaling approximately \$2.4 million outside the assessment area. This level of community development lending equates to 0.7 percent of average total assets and 0.8 percent of average total loans since the prior evaluation. At the prior evaluation, the bank reported a low level of loans consisting of 12 community development loans totaling \$1.9 million.

The bank trailed the performance of one similarly situated institution who maintained a leadership level in this criteria, and was above another similarly situated institution who received a satisfactory performance in community development lending. The table below details the community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
9/11/2023-12/31/2023	0	0	0	0	3	1,110	0	0	3	1,110
2024	1	1,530	0	0	5	1,160	0	0	6	2,690
YTD 2025	1	2,464	0	0	6	4,874	0	0	7	7,338
Total	2	3,994	0	0	14	7,144	0	0	16	11,138

Source: Bank Data

The following are examples of the bank’s community development loans.

- In 2025, the bank originated a loan for the acquisition and construction of 55 rental units. Of the units, 11 or 20 percent are reserved for affordable housing. The bank is receiving CRA consideration for the portion of units that are designated as affordable housing totaling \$2.4 million, which supports affordable housing within the assessment area.

- In 2025, the bank originated 2 loans totaling \$1.5 million for the purchase and renovation of a business. Additional funding sources came from the Small Business Administration. The SBA works with lenders to provide loans to small businesses with flexible underwriting criteria, lower down payment requirements, longer terms, and promotes business growth and job creation. The loan supports economic development.
- In 2024, the bank originated a \$1.5 million construction loan to a non-profit affordable housing developer within the assessment area. The development will consist of 5 units, all of which are reserved as affordable.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-16. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of discriminatory, or other illegal credit practices inconsistent with helping to meet community credit needs. The bank has an adequate record relative to fair lending policies and procedures.

Minority Application Flow

Examiners reviewed the bank's 2023 and 2024 HMDA LARs to determine if the application flow from the difference racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2020 U.S. Census Data, the bank's assessment area contained a total population of 1,424,994 with a minority population of 35.6 percent. The minority population represented is 11.9 percent Asian, 13.3 percent Hispanic, 5.6 percent Black or African American, 4.6 percent other race, 0.1 percent American Indian or Alaska Native, 0.1 percent Native Hawaiian or other Pacific Islander. Examiners compared the bank's application activity with that of the 2023 and 2024 aggregate performance. The comparison assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	ECSB 2023		Aggregate Data 2023	ECSB 2024		Aggregate Data 2024
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.3
Asian	19	15.7	12.0	8	9.1	13.5
Black/ African American	5	4.1	3.0	0	0.0	3.5
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	4	3.3	2.4	2	2.4	2.7
Total Racial Minority	28	23.1	17.8	10	11.5	20.2
White	69	57.1	48.6	36	41.4	54.1
Race Not Available	24	19.8	33.6	41	47.1	25.7
Total	121	100.0	100.0	87	100.0	100.0
ETHNICITY						
Hispanic or Latino	8	6.6	7.2	4	4.6	7.1
Joint (Hisp/Lat /Not Hisp/Lat)	2	1.7	1.6	3	3.4	1.6
Total Ethnic Minority	10	8.3	8.8	7	8.0	8.7
Not Hispanic or Latino	88	72.7	58.6	39	44.9	65.0
Ethnicity Not Available	23	19.0	32.6	41	47.1	26.3
Total	121	100.0	100.0	87	100.0	100.0
<i>Source: 2020 ACS data, 2023 and 2024 HMDA and Aggregate Data</i>						

In 2023, the bank received 121 home mortgage loan applications from within its assessment area. Of these applications, the bank received 28 or 23.1 percent from racial minority applicants. The bank's percentage is higher than the aggregate of 17.8 percent. For the same period, the bank also received 10 or 8.3 percent from ethnic groups of Hispanic origin within its assessment area and the aggregate received 8.8 percent.

In 2024, the bank received 87 home mortgage loan applications from within its assessment area. Of these applications, the bank received 10 or 11.5 percent from racial minority applicants. The bank's percentage is below the aggregate of 20.2 percent. For the same period, the bank also received 7 or 8.0 percent from ethnic groups of Hispanic origin within its assessment area and the aggregate received 8.7 percent. While there is a decline in application activity from racial minority applicants from 2023 into 2024, the bank remains cognizant of application activity from ethnic and racial minorities through committee level monitoring. Additionally, the bank has taken steps to increase access to these populations through marketing, expanded product offerings through partnerships with local organizations and hiring a community development officer.

Considering the demographics composition of the assessment area, comparison to aggregate data, and the bank's fair lending controls, the bank's minority application flow in 2023 and 2024 reflect an adequate performance.

Loss of Affordable Housing

The Division of Banks’ regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution includes a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The bank’s development of and participation in flexible lending programs and community development lending reflect good performance for this criterion. In addition, the bank’s investment and service initiatives reflect a commitment to helping individuals retain homeownership.

INVESTMENT TEST

The bank’s overall Investment Test performance is rated “High Satisfactory”. The following sections discuss the bank’s performance under each criterion.

Investment and Grant Activity

The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, the bank made 198 qualified investments and donations totaling approximately \$11.6 million, including \$11.1 million in equity investments and \$527,512 in donations. This performance reflects an increase since the prior evaluation where \$9.1 million investments were made. The total dollar amount of qualified investments represents 0.7 percent of average total assets and 7.2 percent of average total securities. The bank’s performance was comparable to one similarly situated institution who also received a High Satisfactory performance rating.

The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	8	6,479	0	0	0	0	0	0	8	6,479
9/11/2023-12/31/23	1	1,918	0	0	0	0	0	0	1	1,918
2024	1	1,557	1	565	0	0	0	0	2	2,122
YTD 2025	0	0	1	576	0	0	0	0	1	576
Subtotal	10	9,954	2	1,141	0	0	0	0	12	11,095
Qualified Grants & Donations	19	128	146	356	18	41	3	2	186	527
Total	29	10,082	148	1,497	18	41	3	2	198	11,622

Source: Bank Data

Equity Investments

The bank has investments totaling appropriately \$11.1 million, of which four totaling \$4.6 million are new, and eight prior period investments totaling approximately \$6.5 million. The following represent examples of community development investments.

Current Period Investments:

- In 2024, the bank purchased one mortgage-backed securities (MBS's) totaling \$1.5 million. Four home mortgage loans to low- and moderate-income borrowers originated within the bank's assessment area secured this investment.
- In 2023, the bank purchased one MBS totaling \$1.9 million. A multifamily property to low- and moderate-income borrowers originated within the bank's assessment area secured this investment.
- The bank maintains an investment to a minority-owned institution in the form of a qualifying 15-month certificate of deposit. One qualifying rollover of \$564,868 occurred in 2024, and another for \$576,552 occurred in 2025.

Prior Period Investments

- The bank maintains eight MBSs. These MBSs include mortgages located in the bank's assessment area, and majority of the underlying mortgages were originated to low- and moderate-income borrowers. The total current book value of these loans is \$6.4 million.

Grants and Donations

During the evaluation period, ECSB and the Foundation made approximately 186 donations totaling approximately \$527,512 within the assessment area, with a majority of donations supporting community service organizations that serve low- and moderate -income individuals. Below are notable examples of CRA-qualified donations.

- **HarborCOV** – This organization provides support for domestic violence survivors, such as temporary and permanent low-income housing opportunities, a 24-hour crisis hotline, and education about abuse. The bank's financial giving in 2024 and 2025 assisted in community services within the assessment area.
- **Somerville Homeless Coalition** – This organization primarily supports homeless individuals and those at risk of going homeless, who are typically considered to be in the low- and moderate-income bracket. The organization provides a wide range of services from housing placement, homeless prevention, emergency rental assistance, and food assistance. The bank made numerous donations to this organization in 2024 and 2025 to assist with the community service needs in the area.
- **GreenRoots, Inc.** – The organization is dedicated to ecological restoration activities for land, waterfront, and air, to combat through innovative programs the compromised and poor

health and environmental conditions stemming from the intense overabundance of industry in the small dense area of Chelsea. The bank's financial giving in 2024 and 2025 assisted in community services within the assessment area.

- **Homeowners Rehab** – This organization focuses on the stability and affordability of housing, both new construction and the renovation of existing properties, for homeowners with limited income. The bank's financial giving in 2023, 2024, and 2025 were in response to the affordable housing needs within the assessment area.
- **On The Rise, Inc.** – This Cambridge-based nonprofit works with homeless and formerly-homeless women and transgender individuals facing housing, domestic abuse, substance addiction, poverty, or other issues to move out of poverty by developing wellbeing and building skills for self-sufficiency. The bank's multiple donations in 2024 and 2025 were responsive to community service needs in the assessment area.
- **The East Cambridge Business Association** – This organization represents several small businesses within East Cambridge and Inman Square neighborhoods of Cambridge. The organization's goal is to work with local businesses to preserve the historical integrity of East Cambridge, while also promoting businesses within the neighborhood. The bank's financial giving's in 2024 and 2025 directly supported the economic development needs in this area.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community economic development needs. As noted by the community contact, affordable housing is a primary need within the community that largely impacts individuals with incomes less than 80 percent of the area median income. A substantial majority of the bank's investment activity supports these affordable housing initiatives, suggesting a responsiveness to these needs. Additionally, the bank and Foundation increased its grants and donations, by number, toward community service organizations that serve low- and moderate-income families and individuals.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank's new and prior period investments support the creation and preservation of affordable housing throughout the assessment area, which requires the collaboration of multiple partners. The bank also renewed an investment in a minority-owned financial institution in 2024 and 2025, allowing the financial institution in turn to meet demand for affordable financial products and services to consumers.

SERVICE TEST

The overall service test is rated High Satisfactory. The bank’s performance in the Community Development Services criterion supports this rating. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to geographies and individuals of different income levels in the assessment area.

The bank operates eleven full-service branches in the assessment area, all of which have at least one deposit-taking ITM/ATM. The bank also operates two deposit-taking ITMs, one stand-alone in Magoun Square in Somerville, and another at its Malden Banking Center in downtown Malden. Both ITMs are located in middle-income census tracts. ITMs allow customers to interact with a virtual teller and offer extended hours past normal branch hours. The bank’s ATMs offer services in English, Spanish, and Portuguese.

The following table illustrates the distribution of branches and ITM/ATMs by tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs/ITMs	
	#	%	#	%	#	%	#	%
Low	19	6.0	81,190	5.7	0	0.0	0	0.0
Moderate	65	20.5	285,196	20.0	3	27.3	5	31.2
Middle	97	30.6	445,645	31.3	5	45.4	7	45.4
Upper	129	40.7	599,097	42.0	3	27.3	4	25.0
NA	7	2.2	13,866	1.0	0	0.0	0	0.0
Total	317	100.0	1,424,994	100.0	11	100.0	16	100.0

Source: 2020 ACS Data; Bank Data

As the table illustrates, the bank does not have any branches or deposit-taking ITM/ATMs in the low-income tracts within the assessment area. However, there is branch presence in moderate-income tracts at the Arlington, Chelsea and Medford branches. Additionally, many of the other branches are within a 1-mile radius to nearby low- and moderate-income census tracts. All individuals, including low- and moderate-income census tract residents, can access all eleven branches and both ITMs by public transportation (bus, subway, and commuter rail), increasing the bank’s accessibility to individuals from the surrounding census tracts.

The bank’s alternative delivery systems also expand retail services to all its customers, including low- and moderate-income individuals. All customers can use online and mobile services, which include services like Debit Card Control, Loan Payments, Bill Pay, and Zelle. Customers can

access their finances digitally 24 hours a day and perform a wide range of standard banking activities at any time.

Changes in Branch Locations

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. The bank did not change any branch locations during the examination period.

Reasonableness of Business Hours and Services

The bank's retail services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income individuals and low-and moderate-income geographies.

The bank offers low-cost accounts designed to offer reliable banking solutions for individuals who may have limited or no prior banking experience. The Advantage Checking account features low-balance requirements and reduced or no fees, while still offering a wide range of traditional banking services. The East Cambridge Credit Builder is a small loan program designed to allow individuals to create a good credit record by regularly making small payments.

Thirty-six employees speak languages other than English, which includes fifteen different languages and dialects. Having employees who speak various languages assists in enhancing accessibility to banking services for the non-English speakers in the assessment area. In addition, the bank's website prominently displays on its home page the ability to translate the page into both Spanish and Portuguese to increase its accessibility. This allows customers to fill out a contact form wherein a bank employee will reach out to them in the language desired. The bank also advertises with local newspapers written in both Mandarin and Spanish. Radio broadcasts and eBlasts in different languages are utilized to reach non-English speaking individuals.

Community Development Services

The bank provides a relatively high level of community development services. During the evaluation period, East Cambridge Savings Bank provided 1,065 hours of community development services. Employees, senior management, and board members devoted time to community development organizations supporting community services, economic development, affordable housing, workforce development initiatives, and financial literacy. These activities were responsive to needs identified by the community contacts.

The following table summarizes the community development by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
9/11/2023-12/31/2023	18	133	52	0	203
2024	63	356	158	0	577
YTD 2025	24	171	90	0	285
Total	105	660	300	0	1,065

Source: Bank Data

The following are notable examples of community development services provided by the bank.

- Cambridge Camping Association** – The Cambridge Camping Association provides programs for children and families from under-resourced situations in and around Cambridge. The programs of the camp promote relationship and community building events, including financial literacy events directed towards youth and families. Participant eligibility is determined based on household size and income and caters to low- and moderate-income individuals. A bank vice president serves on board of CCA and donated over 100 hours of service time in 2024. This qualifies for community development by providing community services to low- and moderate-income individuals.
- Cambridge Neighborhood Apartment Housing Services** – CNAHS exists to assist and address the needs of residents in non-owner-occupied buildings in Cambridge. The organization works to acquire and renovate rental properties to ensure permanent affordability. The bank’s CEO and president serves on the Board of the Directors of the organization. This qualifies for community development by providing affordable housing to low- and moderate-income individuals.
- East Cambridge Business Association** – The East Cambridge Business Association was created with an eye to maintaining an authentic, family-owned, small business community culture. The organization aims to promote commerce in East Cambridge and to support activities that bond local small businesses with the residents of their neighborhood. A bank vice president serves on the ECBA board of directors and donated over 26 hours of service time in 2024. This qualifies for community development by supporting small businesses and economic development.

Financial Literacy Education

Additionally, the bank hosted thirteen First-Time Home-Buyer seminars during the examination period. These seminars are designed to provide informative discussions on mortgage topics, including the financing process, special programs and loans, and how to obtain loan approvals. Sessions are held in person with a Zoom option for those who are unable to attend. They are presented in English and Spanish.

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (292 Cambridge Street Cambridge, Massachusetts 02141)."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.